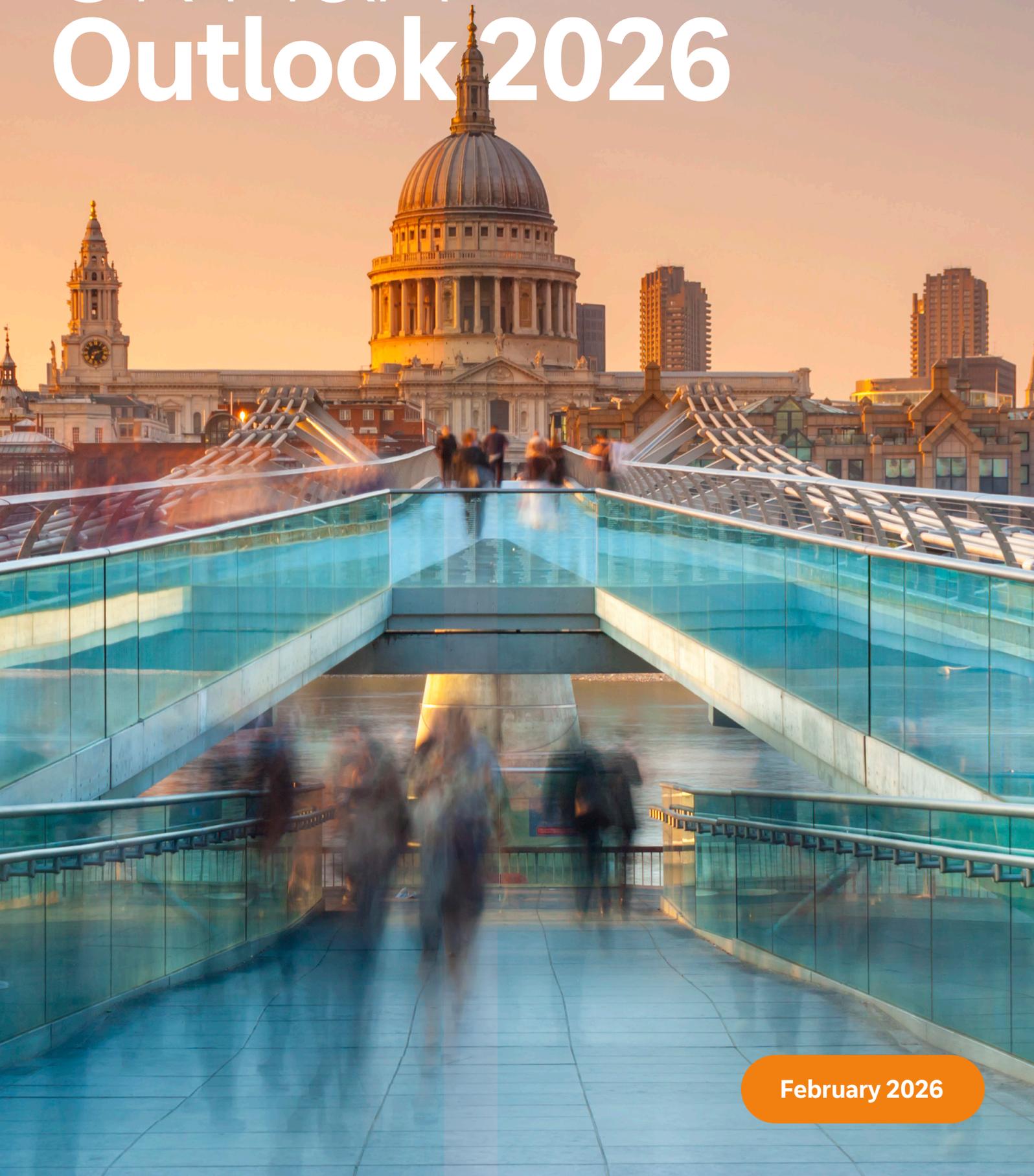


Deutsche Numis



UK M&A Outlook 2026



February 2026



Deutsche Numis commissioned a survey of 200 FTSE 350 board directors (split equally between FTSE 100 and FTSE 250 directors) to understand their views on the UK M&A market and their expectations with respect to M&A investment opportunities in 2026. This survey was completed in December 2025.

Deutsche Numis also commissioned a survey of 200 investors in the UK stock market (based in the UK (50%), US (25%) and Europe (25%)) to understand their views on the UK M&A market and their expectations with respect to M&A investment by UK corporates and public takeovers in 2026. This survey was completed in December 2025.

2H 2025 increase in deal activity underpins corporate and investor optimism for M&A in 2026

Global M&A had its second most active year in a decade in 2025 amidst ongoing geopolitical and macroeconomic uncertainty, particularly in relation to tariff complexities. As 2025 progressed, many buyers and sellers accepted that this environment may be the new norm for the foreseeable future, and proceeded to execute inorganic strategies to create shareholder value.

Globally, M&A values increased by 36% year-on-year, aggregating to a total disclosed transaction value of USD\$4.8 trillion¹. In North America, historically high volumes of strategic mega-deals (>\$10bn) and a renewed push from private equity led to a 55% rise in disclosed deal value, while in EMEA the M&A market momentum was slightly less pronounced, rising by 25%¹.

By contrast, the UK experienced a 13% decrease in deal value during 2025 with a total of £170 billion, however it remained the third most active M&A market globally behind the US and China¹. Tellingly, UK M&A activity was at a level which 92% of corporates considered to be 'significantly higher' or 'higher' than they had expected in January 2025. UK deal activity was markedly skewed towards the post "Liberation Day" period, with 30% of disclosed deal value being announced during June and July¹, after market participants had the opportunity to digest the tariff implications on ongoing M&A opportunities. 91% of corporates were 'more' or 'much more' focused on new deals post-May, wherein 70% of deal value was announced for the year¹. While there was a 10% increase in the number of public offers announced last year, there were notably fewer large-cap transactions contributing to a 31% fall in the average deal size to £643m².

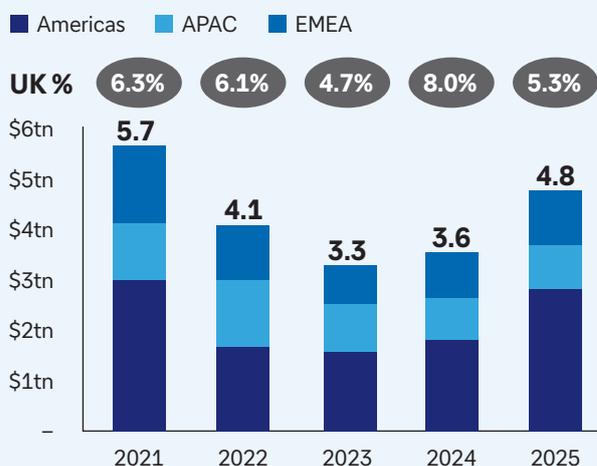
Looking into 2026, both corporates and investors are bullish on UK M&A volumes and values. 90%+ of both corporates and investors rate the outlook as 'strong' or 'very strong', and 92% and 84% of corporates and investors expect valuations to be 'higher' or 'significantly higher' in 2026, respectively. This is consistent with a strong equity markets performance, with the FTSE 100 surpassing 10,000 points for the first time in history after a 22% gain in 2025, the strongest in-year performance since 2009³.

¹ Source: Dealogic as at 31 December 2025

² Source: Public company filings

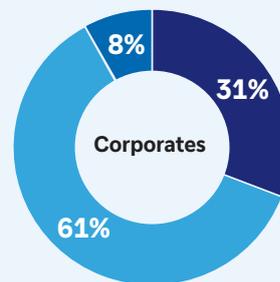
³ Source: London Stock Exchange Group as at 31 December 2025

Global M&A disclosed transaction value¹



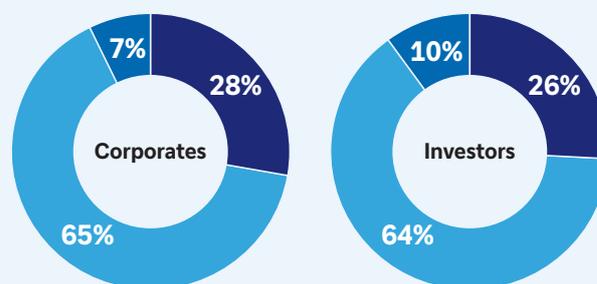
How did UK M&A activity in 2025 compare to your expectations in January 2025?

■ Significantly higher ■ Higher ■ The same



What is your view on the outlook for M&A in 2026?

■ Very strong ■ Strong ■ Neutral



Anthony Parsons, Executive Chair of Investment Banking & Capital Markets commented:

“You continue to have an economy whose performance is relatively muted and where GDP forecasts have been downgraded, so that creates a necessity for companies to find growth”

UK PLC is vulnerable to takeover from corporates and private equity alike

The perception that UK PLCs are vulnerable to takeover has been a consistent theme for many years and 2025 saw an increase in the number of public takeovers, albeit with a lower average deal size. While M&A is repeatedly cited as a very important part of the returns sought by investors, the long-running trend of de-equitisation is an undoubted cause of concern to many investors and indeed all those with an interest in the success of the UK capital markets. Nevertheless, both corporates and institutional investors continue to support financial sponsor activity, with 93% and 85% having a positive view on private equity, respectively. Not one of the 400 directors / investors view it negatively.

The notable UK public M&A transactions in 2025 were characterised by heightened private equity activity, North American bidders, and an increase in competitive situations. Private equity accounted for 51% of firm offers for UK PLC, +9ppt versus the 2020-2024 average, and of the 28 transactions private equity was involved in, 59% were competitive situations⁴. Flagship deals included KKR's £4.2bn acquisition of Spectris (in competition with Advent) and Permira's ongoing £2.3bn take-private of JTC, which was also subject to competition from Warburg Pincus. Even with the increased financial sponsor activity in UK and other European markets in 2025, capital deployment remained selective, and an unprecedented amount of dry powder is primed for use in private M&A and PLC take-outs during 2026.

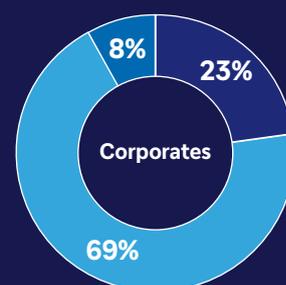
Once again, US bidders were the most active overseas acquirers. This was particularly so with respect to the largest transactions, with two thirds of public offers above £1.0bn being made by US corporates⁴. The UK takeover regime is a well-trodden path for many international corporates, especially those from the US, which are often able to benefit from one or more of scale, valuation arbitrage and favourable exchange rates. On a next-twelve months P/E basis, the FTSE 350 index currently trades at a 41% discount to the S&P Composite 1500 index which is a proxy for large and mid-cap US companies, reflecting the significant multiple arbitrage available to North American corporates⁵.

In 2026, corporates continue to expect significant interest for UK-listed companies, with 23% of respondents viewing UK PLCs as 'highly vulnerable' and 69% as 'somewhat vulnerable'. Deutsche Numis expects that marquee transactions will continue to be driven by private equity and international bidders, with the trend of increased competition and/or hostility likely to remain. Notwithstanding the notable transactions executed by US bidders and private equity in 2025, when asked who the buyer would be if they themselves were a target, 48% of respondents expected it to be a UK corporate, which is more probable in the mid- and lower-reaches of the FTSE 350. Like corporates, Deutsche Numis recognises the vulnerability of UK PLC and is actively engaging with clients to assess bid vulnerability from overseas acquirors and private equity as well as the more familiar domestic rivals.

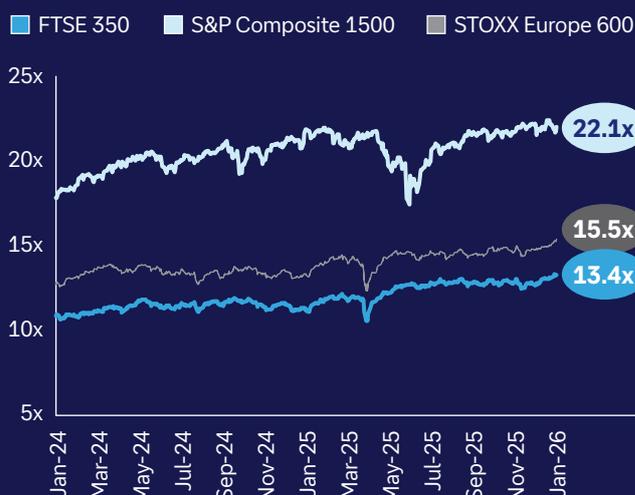
From a sell-side perspective private equity will also welcome the improving M&A outlook with a record backlog of sponsor-owned assets that have been held for longer than planned. Deutsche Numis is seeing more extensive pre-marketing with sellers aiming to engage with a smaller number of high conviction bidders to underpin processes, and an increase in investor appetite for IPO exits.

What is your view on UK PLC's vulnerability to takeovers?

- Highly
- Somewhat
- Neutral



Next twelve months P/E



William Mansfield, Head of EMEA M&A commented:
“Despite increased execution discipline and unsettled macro and geopolitical conditions observed in 2025, the volume of public takeouts by financial sponsors has returned to levels last seen in 2021. This reflects confidence in longer-term fundamentals and suggests 2026 is primed for sustained levels of private equity engagement in UK markets”

⁴ Source: Public company filings, excludes transactions with an equity value below £100m
⁵ Source: Factset as at 31 December 2025

UK corporates expected to drive bidder competition for private UK businesses

Corporates expect to be highly focused on inorganic growth opportunities, with 95% 'likely' to undertake an acquisition in 2026, of which over half are 'highly likely'. There is a strong preference for privately owned assets, especially in the UK, so it is unsurprising that corporates expect an increase in competition for UK assets in 2026, particularly from domestic corporate buyers. After a prolonged period of increased focus on capital expenditure, cost-out programmes and protecting balance sheets to navigate ongoing macroeconomic headwinds, Boards are now well-equipped, and perhaps under pressure to grow inorganically to continue growth and defend competitive positioning. A significant proportion of corporates and investors also anticipate that private capital will generate heightened competition for assets in 2026, marking a continuation of the strong activity observed last year. In a signal that an element of caution remains, UK corporates indicated reduced appetite to look further afield in both North America and EMEA.

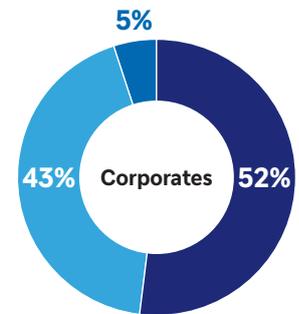
While some domestic corporates will have the confidence to pursue larger, transformational deals, the average UK deal size decreased last year and most corporates expect to pursue sizable mid-range assets. It remains to be seen whether UK corporates will gain confidence to pursue relatively larger and more ambitious M&A supported by buoyant equity markets as 2026 develops, in the same vein as US corporates did in 2025.

Our survey also shows that corporates are actively considering undertaking sell-side M&A in 2026 with 94% of respondents either 'highly' or 'somewhat' likely to engage in a disposal or a spin-off. In an environment of persisting consolidation pressures, Deutsche Numis considers that shedding assets could be a key theme for 2026 and beyond, as companies utilise 'asset turnover' to improve the efficiency and value of their business.

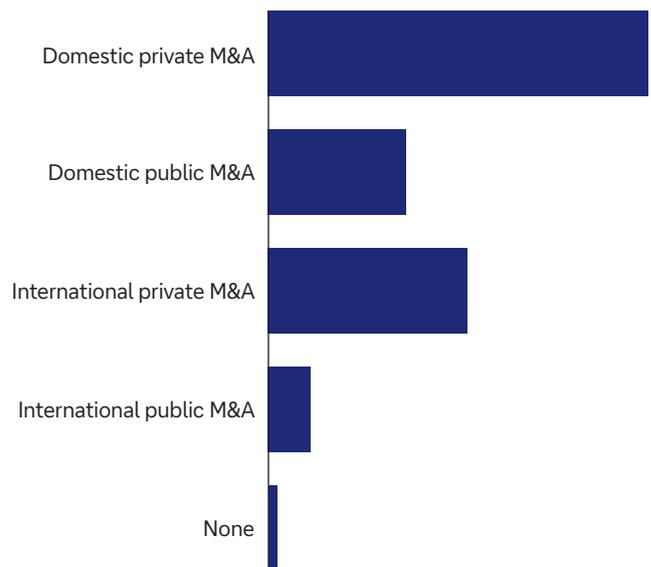
Stuart Ord, Co-Head of UK M&A commented:
“Companies are demonstrating a willingness to pursue inorganic growth strategies in 2026 to bolster organic value creation efforts. The survey shows that investors will be highly receptive to disciplined, strategically sensible acquisitions to catalyse growth”

How likely is your company to undertake an acquisition in 2026?

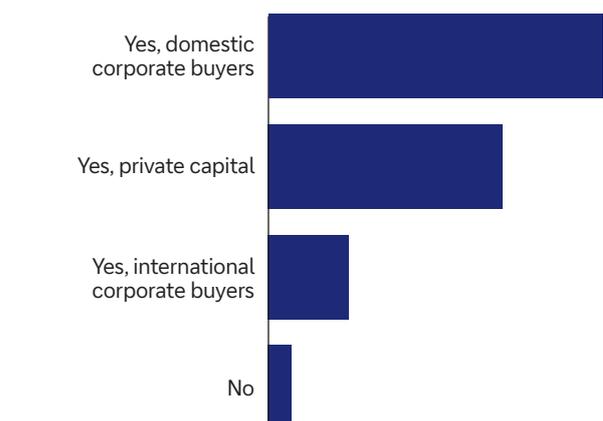
- Highly likely
- Somewhat likely
- Neutral



What type of acquisitions are your main focus in 2026? (Corporates)



Do you expect to see competition for assets increase in 2026 and, if so, from where? (Corporates)



Concerns remain over antitrust regulation but show signs of abating

Rank the key themes that your Board are considering for 2026, starting with the most important first: (Corporates)



#1
Financing environment

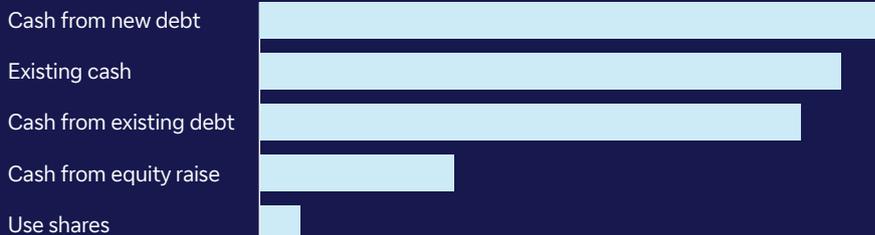


#2
Employment



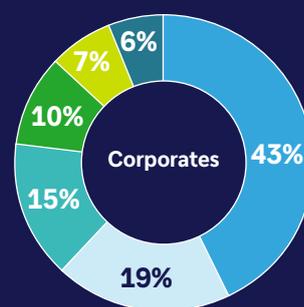
#3
Artificial intelligence

How are you likely to fund M&A in 2026? (Corporates)



What is your company's biggest challenge to successful M&A in the current environment?

- Anti-trust regulation
- Availability of quality acquisition targets
- Access to capital
- Uncertain market conditions
- Shareholder support for M&A
- Valuations



Given both an increase in competition and a heightened buyer focus on the UK expected by corporates and investors alike, it is logical the availability of quality acquisition targets is a challenge to executing M&A in the current environment.

In line with previous years, corporates view antitrust regulation as the largest obstacle to successfully executing M&A. That said, an overwhelming majority (95% and 93% of corporate and investor respondents, respectively) assess that there has been an improvement in the landscape. This likely reflects positive momentum, well-cited by the press and market commentators, such as the "4Ps" reform made by the CMA with a focus on pace, predictability and proportionality. 2025 was the first year in 8 years that the CMA did not block any deals that it formally reviewed (36), having blocked just one deal in the prior year.

Cost of, and access to, capital is the #1 theme that Boards – which are keen to deploy capital for inorganic strategies – are considering in 2026. In 2025, the MPC voted in favour of four 25bps interest rate cuts lowering the base rate from 4.75% to 3.75%, reducing both business and acquisition financing costs. Deutsche Bank currently forecasts interest rates to fall by an additional 50bps to 3.25% by summer 2026, which is aligned with the view of 96% of corporates that financing conditions will improve further this year. Deutsche Numis considers that UK debt and equity markets are open to most well-positioned companies seeking to prosecute appropriately sized M&A opportunities with attractive strategic logic and financial returns.

Corporates indicated that their funding preference for M&A is to use cash from new debt and they are similarly willing to fund using existing cash or debt resources.

This is consistent with the historically high amounts of cash on balance sheets and low leverage levels amongst FTSE 350 constituents, providing UK PLCs with both the flexibility and capacity to offer cash and act quickly. The lower appetite to fund with cash from an equity raise or use shares as consideration is understandable given the relative cost versus debt, albeit investors are open to appropriate equity raises and 93% of corporates would consider raising equity to fund M&A in 2026 if required.

Interestingly, valuation and shareholder support were not seen as major challenges to executing M&A, with only 6% and 7% citing them as top execution issues, respectively. UK investors remain supportive of M&A as evidenced by the very high success rate of recommended UK public offers. In 2025, over half of investors viewed the valuation offered in public offers to be fair, and one third considered it to be an overvaluation. Employment was cited as a key focus around the Board table in 2026, which has not been at the forefront historically but likely reflects changes in employment costs, unemployment, and immigration as well as the impact of AI.

Oliver Ives, Co-Head of UK M&A commented:

“Antitrust regulation remains the key concern but CMA reforms have been well received by corporates. While access to capital is perceived as a transaction headwind, financing markets are open and cost and access is expected to improve through 2026”

Collaborative deal structures expected to help bridge value and/or financing gaps

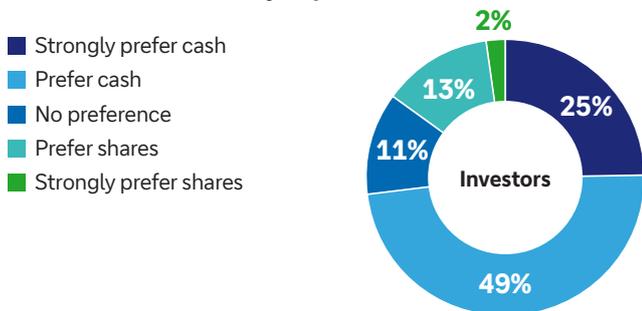
Given the financing concerns and geopolitical uncertainty in 2025, buyers attempting to execute larger M&A sought the use of collaborative deal structures to reduce upfront capital and mitigate execution risk. During 2025, there were 12 instances of mixed consideration being offered and 6 private equity consortium bids for UK listed companies⁶. For example, KKR and Stonepeak's takeover attempt of Assura, and the DBAY-Rothschild Equity Strategies take-private of Alliance Pharma. Corporates anticipate an increased use of private equity co-investments in 2026, and once again mentioned strategic-private equity partnerships which are yet to register at scale in UK markets. Despite there being no all-share firm offers above £100m in 2025⁶, corporates also expect an increase in all-share considerations next year. Deutsche Numis views this as consistent with an expected shift toward larger transaction sizes, where equity consideration is utilised to enable transformational transactions and align investor interests in value creation.

Following the UK equities rally in 2025, Deutsche Numis expects continued use of mixed consideration offers to

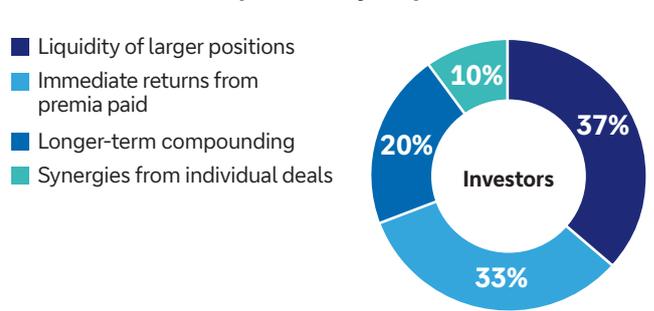
bridge funding requirements in 2026. The trend of buyers adapting to the new environment has been recognised by investors with 97% agreeing there has been an increase in tailored deal structures, and 84% of investors saying their mandates now allow unlisted offer consideration.

While 90% of investors view unlisted offer alternatives 'positively', cash remains the preferred consideration type. 74% of investors 'strongly prefer' (25%) or 'prefer' (49%) cash consideration in M&A situations, owing to the importance of immediate returns from premia paid and liquidity of larger positions. This trend has been fuelled by ongoing equity outflows, the largest of which since 2022 occurred in October and November of last year; UK-focused funds have experienced net inflows in only one of the past 56 months. That exception occurred after Rachel Reeves' first budget in 2024, when investors realised capital gains in anticipation of an expected capital gains tax increase, then reinvested the cash back into funds shortly afterwards. 15% of respondents prefer shares, which generates longer-term compounding and upside from synergies.

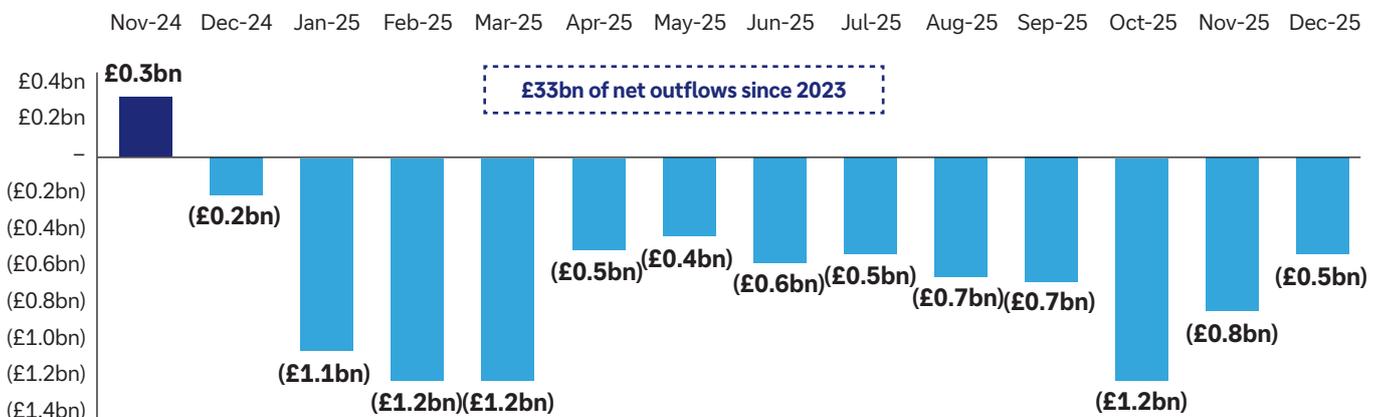
What consideration do you prefer in an M&A situation?



How is M&A most important to your portfolio?



UK net equity fund flows⁷



⁶ Source: Public company filings, excludes transactions with an equity value below £100m

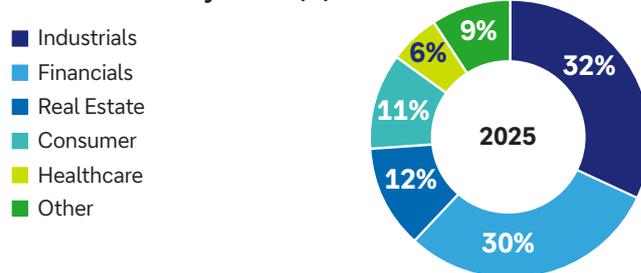
⁷ Source: Calastone as at 31 December 2025



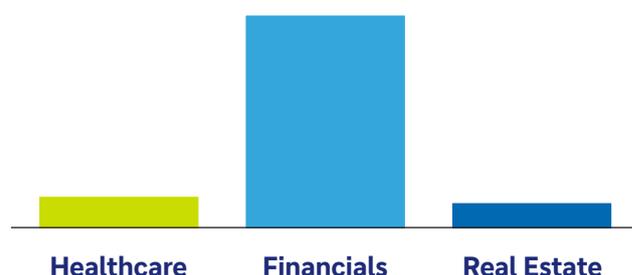
Financials expected to remain #1 sector after high levels of activity continued in 2025

The Industrials sector was the most active sector for UK M&A throughout 2025, representing 32% of total volume⁸. Private equity involvement was significant, with notable deals including KKR’s takeover of Spectris and TDR Capital’s acquisition of CorpAcq. In 2026, Industrial assets M&A activity is expected to remain noteworthy, however investors envisage that Financials will represent the most significant M&A market. This trend was observed in 2025, with 30% of volume attributable to the sector⁸. Flagship transactions included Athora’s £5.7bn acquisition of Pension Insurance Corporation from the ADIA-CVC-Reneit consortium and Corpay’s £1.8bn successful cash bid for Alpha Group International. The real estate sector was active, experiencing several mixed consideration or all-share offers, such as Unite’s £723m cash and share offer to acquire Empiric Student Property. In public markets, the proportion of mid- to large-cap (£1bn+) firm offers was equally split between financial sponsor and strategic bidders. Investors expect Healthcare and Real Estate to be particularly active in 2026.

UK deal volume by sector (%)⁸



What do you think will be the most active sector in 2026? (Investors)



AI is both driving and disrupting M&A

Corporates’ capacity to utilise artificial intelligence is increasingly recognised as a key factor for investment decisions, making it understandable that valuations may be meaningfully impacted by the release of positive or negative AI-related news. Recently, a ‘disruption risk’ narrative has emerged, as highlighted by Rightmove’s acknowledgment of AI-related risks contributing to a noticeable sector-wide derating and raised eyebrows regarding valuation sensitivity to AI.

Through the use of acquisitions, Boards can also demonstrate a focus on AI without the need to internally implement agentic AI capabilities. Prospective bidders should carefully evaluate both the potential for a company’s existing operations to be supplanted by AI, and the opportunities that future technological advancements may present for cost base optimisation. Our survey respondents are highly cognisant of the opportunity, with 86% of corporates noting that AI has impacted company strategy, and 57% considering AI when assessing M&A opportunities.

⁸ Source: Dealogic as at 31 December 2025

Conclusion

The findings of the Deutsche Numis 2026 UK M&A survey demonstrate an increase in confidence in the M&A environment compared to activity levels observed in 2025. Deutsche Numis considers this to be well founded given the improving outlook for financing markets and a willingness amongst both corporates and private equity to execute M&A in the new environmental norm of geopolitical and macroeconomic complexities.

Both corporates and investors expect the UK stock market to rise in 2026, but many UK corporates remain undervalued. The survey shows that UK PLCs feel vulnerable to takeover and that there is an expectation that domestic corporates will be leading the charge on UK public takeovers. Deutsche Numis expects to see continued private equity activity in both private and public M&A in 2026, given their access to 'dry powder', improving debt financing conditions and increased willingness to be hostile/compete for assets.

Assuming stable or improving conditions in the macroeconomic, financing and political environments, both corporates and investors are more confident that UK M&A can be executed. The survey shows that UK corporates expect to be on the 'front foot' in their pursuit of privately owned assets, particularly in domestic markets and have indicated that the main source of competition will arise from UK corporates and private equity. Conversely to previous years, corporates demonstrated less appetite to assess M&A opportunities across North America and wider Europe. Deutsche Numis' survey has highlighted that corporates' funding preference for M&A is to use cash from new debt and they are similarly willing to fund using existing cash or debt resources, which feeds into the re-leveraging trend after historically low leverage amongst FTSE 350 constituents. However, corporates also acknowledged willingness to raise equity if required, and investors even anticipate an increase in share-for-share deals in 2026. Deutsche Numis expects an increase in collaborative deal structures, whether to facilitate larger deals or to solve execution issues.

Nonetheless, investors and corporates remain cognisant of the challenges. Unsurprisingly, the main concerns are in respect of antitrust regulation and the ability to access capital in a more active M&A market, although there is a belief that capital market conditions have improved recently and will continue to do so through 2026. Positively, the survey also shows that corporates have been receptive to the CMA reforms and have demonstrated little concern with regards to valuation and shareholder support. While a further deterioration of the geopolitical situation would undoubtedly hit markets and confidence in the UK M&A environment, that is not seen as a primary concern at present.

The survey shows that UK M&A, whether takeovers or portfolio company M&A, is very important to investor returns and that investors are positive on the outlook for UK M&A and will support transactions that are well thought out and sensibly valued and structured. Investors tip Financials to be the most active sector for M&A in 2026.

At Deutsche Numis, we believe the UK M&A market can provide significant opportunities for both companies and investors in 2026. With one of the most experienced M&A teams in the UK, we stand ready to help clients capture those opportunities.



Deutsche Bank is one of the most active financial advisers on UK public and private M&A

Volume of UK public M&A transactions advised on (last 5 years)⁹

1	 Deutsche Bank	41
2	Bank 2	38
3	Bank 3	31
4	Bank 4	29
5	Bank 5	29

Selected UK M&A transactions announced or completed in 2025 (newest to oldest, by initial announcement date)

 <p>£2.3bn</p> <p>Recommended cash offer by Permira</p> <p>Joint lead financial adviser and joint corporate broker to JTC</p>	 <p>£543m</p> <p>Recommended cash offer by Basepoint Capital</p> <p>Joint financial adviser to Basepoint Capital</p>	 <p>£5.7bn</p> <p>Acquisition by Athora from ADIA, CVC and Renit</p> <p>Financial adviser to Athora</p>	 <p>£2.7bn</p> <p>Acquisition by Santander from Sabadell</p> <p>Financial adviser to Santander</p>
 <p>£723m</p> <p>Recommended cash and share offer by Unite</p> <p>Joint financial adviser and joint corporate broker to Unite</p>	 UK airports portfolio <p>Undisclosed</p> <p>Acquisition by Macquarie Asset Management from OTPP</p> <p>Financial adviser to Macquarie</p>	 Catalyst Technologies division <p>£1.8bn</p> <p>Acquisition by Honeywell International</p> <p>Joint financial adviser to Johnson Matthey</p>	 <p>£470m</p> <p>Recommended cash offer by Blackstone</p> <p>Joint financial adviser to Blackstone</p>
 <p>£13.4bn</p> <p>Acquisition by EQT, CPP & NB partners</p> <p>Joint financial adviser to Nord Anglia</p>	 <p>£1.2bn</p> <p>Recommended cash and share offer by Greencore</p> <p>Joint financial adviser and joint corporate broker to Greencore</p>	 <p>£1.7bn</p> <p>Recommended cash and share offer by Primary Health Properties</p> <p>Joint lead financial adviser and joint corporate broker to PHP</p>	 <p>£235m</p> <p>Acquisition of minority stake by Blackstone</p> <p>Sole financial adviser to Blackstone</p>
 <p>£362m</p> <p>Recommended cash offer by DBAY and Elyan with unlisted share alternative</p> <p>Joint financial adviser and sole corporate broker to Alliance</p>	 <p>£563m</p> <p>Acquisition of Authentication Division by Crane NXT, recommended cash offer by Atlas Holdings</p> <p>Sole financial adviser and joint corporate broker to DeLaRue</p>	 <p>£802m</p> <p>Recommended cash offer by General Atlantic with unlisted share alternative</p> <p>Joint financial adviser and joint corporate broker to LTG</p>	 <p>£5.4bn</p> <p>Recommended cash offer by CVC, Nordic Capital and ADIA with unlisted share alternative</p> <p>Joint financial adviser and joint corporate broker to Hargreaves Lansdown</p>

⁹ Source: Public company filings. League table includes financial advisers receiving credit on a firm offer (i.e. R2.7) announcement involving an LSE listed target; 01 January 2021 – 31 December 2025; deal equity value £200 million+; excludes possible offers (i.e. R2.4) as financial advisers may be undisclosed. NB: figures do not double count transactions whereby pre acquisition Numis and Deutsche Bank acted for Target and Bidder, respectively

Contacts

If you have any UK M&A enquiries, feel free to contact us:



Anthony Parsons

Executive Chair of
Investment Banking
& Capital Markets,
Deutsche Bank



William Mansfield

Head of EMEA M&A,
Deutsche Bank



Oliver Ives

Co-Head of UK M&A
Deutsche Bank



Stuart Ord

Co-Head of UK M&A
Deutsche Bank

Deutsche Numis is a leading UK-focused investment bank that partners with the most ambitious companies and investors, offering strategic advice, unique insights and connectivity to the capital markets. Already a leader in the UK market, Deutsche Numis is the adviser of choice for listed companies, including one-fifth of the FTSE 350 index, with an average market capitalisation of £2.1bn¹⁰, and has acted on more UK public M&A transactions by volume in the last 5 years than any other financial adviser¹¹. Deutsche Numis offers advisory services, corporate broking, research, sales and execution, and has the expertise and strength of the wider Deutsche Bank Group to offer comprehensive and global solutions.

Deutsche Bank AG, London Branch (trading for these purposes as Deutsche Numis)

21, Moorfields
London EC2Y 9DB
United Kingdom

¹⁰ Source: Deutsche Numis data as at 01-January-2026. Corporate client base comprises 70 FTSE 350 clients

¹¹ Source: Public company filings as at 31-December-2025, includes financial advisers receiving credit on a firm offer (i.e. R2.7) announcement involving an LSE listed target; 01 January 2021 – 31 December 2025; deal equity value £200 million+; excludes possible offers (i.e. R2.4) as financial advisers may be undisclosed. NB: figures do not double count transactions whereby pre-acquisition Numis and Deutsche Bank acted for Target and Bidder, respectively

Important Notice

Deutsche Bank AG is a stock corporation (Aktiengesellschaft) incorporated under the laws of the Federal Republic of Germany with its principal office in Frankfurt am Main. It is registered with the local district court (Amtsgericht) in Frankfurt am Main under No HRB 30000 and licensed to carry on banking business and to provide financial services. The London branch of Deutsche Bank AG is registered as a branch office in the register of companies for England and Wales at Companies House (branch registration number BR000005) with its registered branch office address and principal place of business at 21, Moorfields, London EC2Y 9DB. Deutsche Bank AG is subject to supervision by the European Central Bank (ECB), Sonnemannstrasse 22, 60314 Frankfurt am Main, Germany, and the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht or BaFin), Graurheindorfer Strasse 108, 53117 Bonn and Marie-Curie-Strasse 24-28, 60439 Frankfurt am Main, Germany. With respect to activities undertaken in the United Kingdom, Deutsche Bank AG is authorised by the Prudential Regulation Authority. It is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of Deutsche Bank AG's authorisation and regulation by the Prudential Regulation Authority are available from Deutsche Bank AG on request.